

Health Coverage Exemptions

Most people are required by law to have health coverage known as “minimum essential coverage” or pay a penalty when they file their taxes. Minimum essential coverage includes all health plans purchased through the Marketplace, most job-based coverage, Medicare, Medicaid, All Kids, TRICARE and more. Your insurance company can tell you if your insurance plan is considered minimum essential coverage.

But, certain circumstances may prevent you from enrolling in health coverage. You can request an exemption from paying the penalty if you do not have minimum essential coverage. Below are answers to a few common questions about health coverage exemptions.

How do I get an exemption from the penalty for not having health coverage?

When you file your federal taxes, you will enter information about any coverage exemptions you may qualify for in the months you were not covered using Internal Revenue Service (IRS) “Form 8965 Health Coverage Exemptions.” Some coverage exemptions are available only from the Marketplace or only by claiming them on your tax return, while others are available from either the Marketplace or by claiming them on your tax return. Below are options to request an exemption.

You must submit an exemption application to the Marketplace if:

- You face a hardship that makes you unable to get health coverage, including homelessness, eviction or foreclosure, receiving a “shut-off notice” from a utility company, domestic violence, death in the family, natural or human-caused disaster, bankruptcy, debt from medical expenses, care of a family member, court-ruling on child coverage, delayed appeals decision, plan cancellation and more.
- You are a member of a recognized religious sect with religious objections to insurance.
- You were engaged in service in AmeriCorps State and National, VISTA or NCCC programs and were enrolled in coverage through these programs.

Marketplace exemption applications are available at [GetCoveredIllinois.gov/how-to-get-covered/faq-resources](https://www.getcoveredillinois.gov/how-to-get-covered/faq-resources).

You can wait and use IRS Form 8965 to claim the exemption on your federal tax return if:

- Health coverage would be unaffordable, meaning the lowest-priced coverage available to you would cost more than 8 percent of your household income.
- You are a member of a recognized health care sharing ministry.
- You are a member of a federally recognized tribe.

- You are eligible for services through an Indian Health Services provider.
- You are incarcerated.
- You had a gap in coverage for less than three consecutive months and you are filing taxes.
- You are not lawfully present in the United States and you are filing taxes.
- Your yearly income is below the federal tax filing threshold, meaning your income is about \$10,000 each year as an individual, but you choose to file taxes.
- You were eligible for a job-based plan that started in 2013 and ended in 2014, but you did not enroll in it. This exemption is only available for 2014.

Do I have to take any action if I am not required to file taxes?

You can do nothing and be automatically qualified for the exemption if your yearly income is below the federal tax filing threshold. The tax filing threshold is about \$10,000 each year as an individual. You will not be assessed a penalty if your income is below the threshold and you do not file taxes. If you choose to file taxes, you will not have to pay a penalty for not having health coverage if you indicate on IRS Form 8965 that you are below the tax filing threshold and submit this form with your taxes.

How long will it take the Marketplace to process my exemption application?

The amount of time it takes the Marketplace to process an exemption application depends on how complicated the exemption is. If an application is missing information or needs additional documentation, it might take longer to process. Complete applications take about two weeks to process.

What happens after I apply for an exemption with the Marketplace?

After you submit your exemption application, the Marketplace will review your information to determine if you qualify. If you qualify, the Marketplace will send you a notice in the mail with your eligibility results. If you do not agree with the decision from the Marketplace, you have the right to appeal.

If you are granted an exemption by the Marketplace, you will receive a notice with your Exemption Claim Number (ECN). Use your ECN when you file IRS Form 8965 with your taxes for the year you are not enrolled in coverage. If the Marketplace is still processing your exemption application when you file your tax return, you can write "pending" in place of the ECN on Form 8965.

How long does a hardship exemption from the Marketplace last?

Hardship exemptions are usually provided for the month before the hardship, the months during the hardship and the month after the hardship. The Marketplace may provide the exemption for up to a full calendar year after the hardship in certain situations.